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TO RUEHC/SECSTATE WASHDC 0428
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RUEHBJ/AMEMBASSY BEIJING 0722
RUEHKSO/AMCONSUL SAPPORO 5694
RUEHNAG/AMCONSUL NAGOYA 3775
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RUEHOK/AMCONSUL OSAKA KOBE 8722
RUEHFK/AMCONSUL FUKUOKA 5057
RUEHGH/AMCONSUL SHANGHAI 0281
RUEHHK/AMCONSUL HONG KONG 6389
RUEHBS/USEU BRUSSELS
RUEATRS/TREASURY DEPT WASHDC
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RUEHIN/AIT TAIPEI 6814

UNCLAS SECTION 01 OF 02 TOKYO 005610

SIPDIS

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STATE FOR EAP/J, EEB
PARIS FOR USOECD
USTR FOR MEYERS AND BEEMAN
TREASURY FOR IA/DOHNER, HAARSAGER, AND POGGI
DOC FOR 4410/ITA/MAC/OJ/MELCHER

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TAGS: [ECON](#) [EFIN](#) [BEXP](#) [JA](#)
SUBJECT: JAPAN: INSURANCE ADVOCACY PAYS OFF FOR U.S.
COMPANIES

REF: A. TOKYO 4658
[1](#)B. TOKYO 4555
[1](#)C. TOKYO 2716
[1](#)D. TOKYO 1916
[1](#)E. TOKYO 894

Summary

[1](#)1. (SBU) Over the past several months, U.S. insurers have struck deals to market products through Japan's extensive postal network, taking advantage of Japan Post's privatization. They are also poised to capitalize on deregulation measures, set to go into effect December 22, that will allow banks to sell a full range of insurance products. One U.S. industry official estimated the bank sales liberalization alone will generate hundreds of millions of dollars in revenue for U.S. companies. The U.S. government has been working closely with U.S. industry in a multi-year push for these opportunities. End summary.

Advocacy Pays Off

[1](#)2. (SBU) Over the past several months, U.S. insurers have struck deals to market products through Japan's new postal companies. The postal companies, spun off the massive Japan Post as it commenced privatization October 1 (reftels), have a particularly valuable distribution channel through the nation's 24,000 post offices. Industry officials and media report that ALICO Japan, an AIG subsidiary, and MetLife (as part of a joint venture) have tied up with Japan Post Bank to sell variable annuities. ALICO has also landed one of eight contracts to supply Japan Post Insurance with policies aimed at the corporate market. Moreover, AFLAC has announced the Japan Post Network Co. selected it as its exclusive provider of cancer insurance.

[1](#)3. (SBU) The scale of these deals is impressive, even if

exact valuations remain unknown. Japan's insurance market is the world's second largest. Foreign insurers make up 23.5% of the life insurance market (FY06 figures) and U.S. companies' premium revenue in 2007 is expected to be around \$50 billion. AFLAC's stock rose more than 6% -- adding \$1.7 billion to the company's market capitalization -- on November 16, the day the company announced its exclusive tie-up with the Japan Post Network.

¶4. (SBU) Moreover, U.S. insurers are poised to benefit from Japan's liberalization of rules that have restricted banks from selling insurance. The full lifting of those restrictions will take effect December 22 and will be worth "hundreds of millions of dollars in revenue" for U.S. insurers, according to a senior industry official. Access to the bank sales channel, as well as to the privatized postal network, were key U.S. government advocacy goals for 2007. Their realization marks the culmination of a multi-year, inter-agency effort.

¶5. (SBU) Embassy Tokyo, working with Washington-based colleagues at State, USTR, Commerce, and Treasury, used the full range of tactics to press for U.S. insurers' market access. Insurance and postal privatization have been raised through the bilateral Regulatory Reform Initiative, yearly Insurance Consultations, behind-the-scenes work with key politicians, public comments on Japanese regulatory proposals, and direct engagement with all levels of the Japanese bureaucracy. At every stage, advocacy efforts have been closely coordinated with U.S. industry, both in Washington and Tokyo.

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Comment

¶6. (SBU) With years remaining before Japan's postal insurance system is privatized fully, much remains on the insurance agenda. Nonetheless, U.S. companies' recent successes show what they can do when sustained government advocacy helps crack open opportunities in the Japanese market.
SCHIEFFER